Exhibit A

What is Stop Loss Insurance and How Does it Work?

UNCATEGORIZED

Stop loss insurance is exactly what the name implies – a policy that enables your business to predictably cap expenses for employee medical bills. It's a specialized type of coverage designed to protect self-insured employers from catastrophic losses.

An increasing number of businesses of all sizes are choosing to forego traditional group health insurance plans, due to steadily rising costs and increasing employee dissatisfaction with high contributions and/or deductibles. Instead, employers are self-insuring their medical benefits programs. Some companies handle self-insurance by establishing a dedicated fund out of which to pay employee and family medical costs. Others simply use existing cash flow to pay the bills.

The effect on employees of switching to self-funding may be minimal. The

process of obtaining medical services remains the same. Behind the scenes, the provider would simply send invoices to the patient's employer rather than to a third-party insurance provider.

Nonetheless, the health plan's specifics could change, depending on what the employer decides to cover and to what extent. Because self-funded plans are exempt from state-mandated requirements, companies have more flexibility to create employee-tailored coverage. In many cases, workers could also wind up with broader provider options, because they wouldn't be restricted to an insurance company's defined network.

For employers, self-insurance can bring distinct financial benefits. Stop loss insurance protects those benefits.

How stop loss insurance works

Stop loss insurance is not medical insurance, it is a financial and risk management tool for businesses. It has nothing directly to do with a company's employees.

Self-insurance can save money, but without a health insurance provider in the mix, the employer is entirely responsible for all qualifying medical costs. If employees remain healthy, that's not a problem. But if many become ill – say, by contracting the latest flu virus — or even one person is diagnosed with cancer, medical costs can soar well beyond the company's ability to pay.

In a worst-case scenario, that could drive an employer out of business. Failure to pay the employee's medical bills could leave a company vulnerable to lawsuits, with equally disastrous results.

With stop loss insurance, the employer's out-of-pocket is capped at an agreed

amount. If costs exceed that threshold, any additional expenses are covered by the stop loss policy. It's important to note that this coverage comes in the form of reimbursement, so employers are still responsible for initial payment. It's also important to note that stop loss insurance itself often has coverage limits.

While most companies and their stop loss insurer "settle up" at the end of the policy year, some employers are able to lighten their potential financial burden by negotiating monthly payments instead. The downside to this is that, if those payments have exceeded actual need by the end of the year, the employer will have to repay the difference.

There are actually two types of stop loss insurance that help limit employer liability:

- Individual, or specific, coverage protects your company against large, catastrophic claims. This insurance kicks in when one person's qualifying medical claims are so high that they exceed the pre-set dollar limit for the policy year.
- Total claims, or aggregate, coverage protects your company against unexpectedly high overall claims volume, or multiple high-dollar claims. This insurance kicks in when an employer's costs for all employees' medical claims exceed the pre-set limit for the contract year.

It is possible to obtain just one type of coverage. However, for most employers, both individual and aggregate coverage are equally important. You want maximum financial protection, and health plan usage is highly unpredictable.

Aside from a widespread virus outbreak or an individual cancer diagnosis, employees and their dependents can have other costly chronic diseases. They may require emergency surgery or even need an organ transplant. People

have accidents that can have devastating medical consequences. Premature infants may spend weeks or months in hospital. And the costs for advanced medical technologies and treatments are high and rising.

If employees and their families remain healthy and the number of medical claims for the year is low, risk is also low. But unexpected medical claims can easily soar into the hundreds of thousands of dollars. That can deplete a company's self-insurance cash reserve or put a terrible strain on cash flow, damaging the company's ability to operate effectively. The potential for company-wide ramifications is a universal risk, but it is most pronounced for smaller companies.

Consider these statistics:

- More than 85% of self-insured employers who have up to 5,000 employees buy stop loss insurance.
- Among American workers whose employer sponsors a health plan, 61% work for a company that is self-insured.

Is stop loss insurance right for your company?

Industry experts say this coverage is a must-have for every self-insured company. Otherwise, the financial exposure and related risks are just too great. On the other hand, every company brings a unique set of factors to the decision table, so determining the value of stop loss becomes a balancing act between cost and perceived risk.

A company with a young, healthy, and largely unmarried workforce may be

less at risk than one with older employees with families. Ultimately, after doing all the math, employers may find that a traditional group health insurance plan makes the most financial sense.

Once you've made the decision to purchase stop loss insurance, you'll want to shop around. Not every insurer offers this type of coverage, and policies can vary considerably in their detail and the cost of premiums.

Pulling it all together

Savvy employers know that offering attractive, meaningful benefits boosts their ability to recruit and retain top talent. Employees who believe their benefits to be valuable are more productive and have higher job satisfaction. And affordable health insurance is a priority benefit for most employees. With all that in mind, companies continue to search for health plans that meet both corporate and worker needs.

Switching to self-funding can benefit companies of all sizes, in multiple ways:

- If total annual medical claims are lower than expected, the company "profits" with lower operations costs. For companies with traditional private health plans, premiums have increased 54% over the past 10 years.
- Most states tax business insurance premiums at about 2.5%. Self-insured firms pay no tax, except on their stop loss premium. On average, that's a 90% reduction in state premium taxes.
- Eliminating monthly premiums increases cash flow. That's money you can invest in growing your business.
- Self-funding gives employers access to claims data otherwise not available. This facilitates tracking and analysis that can help craft more effective, more efficient health plans.

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All these benefits can make a big difference to a company's bottom line. Purchasing stop loss insurance is a risk management investment that protects those benefits.

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